

IN THE FOURTH SESSION OF THE SEVENTH PARLIAMENT OF THE FOURTH REPUBLIC  
OF GHANA

REPORT OF THE FINANCE COMMITTEE ON THE REQUEST FOR WAIVER  
OF IMPORT DUTIES, IMPORT VAT, GETFUND LEVY, NHIL LEVY AND EXIM  
LEVY AMOUNTING TO THE GHANA CEDI EQUIVALENT OF SIX HUNDRED  
AND NINE THOUSAND, FOUR HUNDRED AND SEVENTY-EIGHT UNITED  
STATES DOLLARS AND SEVENTY-THREE CENTS (US\$609,478.73) ON  
MATERIALS, PLANT, MACHINERY AND EQUIPMENT OR PARTS TO BE  
PROCURED BY PETERSFIELD AND REY LIMITED UNDER THE  
IMPLEMENTATION OF THE ONE DISTRICT ONE FACTORY (1D1F)  
PROGRAMME

**1.0 INTRODUCTION**

The request for the waiver of Import Duties, Import VAT, GETFund Levy, NHIL Levy and EXIM Levy amounting to the Ghana Cedi equivalent of Six Hundred and Nine Thousand, Four Hundred and Seventy-Eight United States Dollars and Seventy-Three Cents (US\$609,478.73) on materials, plant, machinery and equipment or parts to be procured by Petersfield and Rey Limited under the implementation of the One District One Factory (1D1F) programme was laid in the House on Friday, 31<sup>st</sup> January, 2020 by the Hon. Minister responsible for Youth and Sports, Mr. Isaac Kwame Asiamah on behalf of the Minister responsible for Finance in accordance with Article 174(2) of the Constitution.

Rt. Hon Speaker referred the request to the Finance Committee for consideration and report pursuant to the Standing Orders of the House.

The Committee met with a Deputy Minister for Finance Hon. Abena Osei Asare and a technical team from the Ministry of Finance, the Ministry of Trade and Industry and Ghana Revenue Authority to consider the request.

## **2.0 DOCUMENTS REFERRED TO**

The Committee referred to the following documents during its deliberations:

- The 1992 Constitution of Ghana;
- The Public Financial Management Act, 2016 (Act 921); and
- The Standing Orders of the Parliament of Ghana;

## **2.0 BACKGROUND**

Petersfield and Rey Limited is a Limited Liability Company registered under the Registration of Business Names Act, 1962 (Act 151) to process pineapple and other fruits as well as produce sachet and bottled water. The company is currently located at Ataabadza, off the Cape Coast –Takoradi highway, in the Komenda-Edina Municipal Assembly. It has 600 acres of land of which 150 acres have been cultivated with pineapples and ginger. It currently employs about Fifty-Five (55) people.

The company's mission is to meet the growing market needs of consumers for fresh fruit drinks, sachet and bottled water through a more innovative and hygienic production platform with the latest technologies, employing staff and packaging products in the most attractive and competitive labels, while consumers pay affordable prices for the products.

The company's vision is to produce quality, standardized sachet and bottled water as a strategy to diversify their products to sustain the business initiative since the fruits have their peak and lean seasons.

As part of efforts to significantly enhance its operations, Petersfield and Rey Limited intends to undertake a project to process pineapples and ginger into

juices as well as sachet and bottled water. It has applied for Government support in the area of a tax waiver under the 1D1F Programme to enable it procure materials and equipment to undertake the project. The Ministry of Trade and Industry has assessed the company and has granted it a 1D1F status which would enable it benefit from the tax waiver incentives under the Programme.

In order to acquire and install new equipment, there is the need to waive taxes and duties applicable as an incentive under the 1D1F programme. It is in this regard that the request for the waiver of taxes and duties and the Master list of items to be procured by Petersfield and Rey Limited has been submitted to Parliament in accordance with Article 174 of the 1992 Constitution of Ghana.

#### **4.0 THE REQUEST**

The request is to seek approval for the waiver of taxes and duties under the One District One Factory (1D1F) programme for Petersfield and Rey Limited amounting to the Cedi equivalent of US\$609,478.73.

#### **4.1 Assessment of Duties, Taxes and Levies**

A breakdown of the tax assessment undertaken by the Ghana Revenue Authority (GRA) is provided in Table 1 below:

Table 1: Breakdown of Tax Assessment by GRA

	<b>Item</b>	<b>Amount (\$)</b>
1	IMPORT DUTY	334,647.97
2	IMPORT VAT	178,444.86
3	NHIL /GETFUND LEVY	67,979.00
4	EXIM LEVY	28,406.90
	<b>TOTAL</b>	<b>609,478.73</b>

**Attached as an APPENDIX is the details of the tax assessment.**

- Net Present Value - GH¢8,390,000
- Internal Rate of Return - 45%
- Net Profit Ratio - 28%

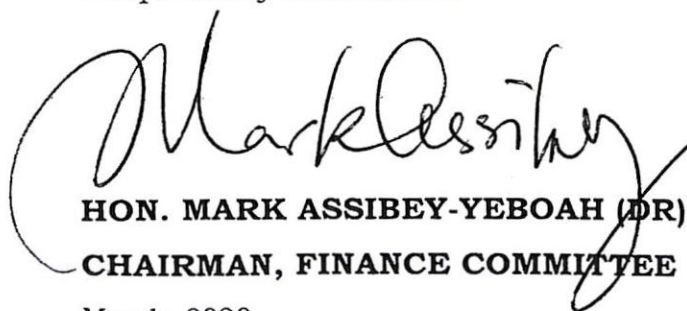
It is on the basis of the above that the Ministry of Trade and Industry granted approval status to it as a 1D1F entity.

## 6.0 CONCLUSION

Considering the benefits to be derived from the project, the Committee is of the view that the request will go a long way to help Petersfield and Ray realize its ambitions.

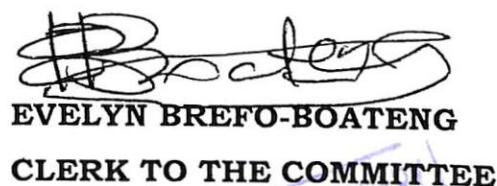
The Committee therefore recommends to the House to adopt its report and to approve the request for waiver of Import Duties, Import VAT, GETFund Levy, NHIL Levy and EXIM Levy amounting to the Ghana Cedi equivalent of Six Hundred and Nine Thousand, Four Hundred and Seventy-Eight United States Dollars and Seventy-Three Cents (US\$609,478.73) on materials, plant, machinery and equipment or parts to be procured by Petersfield and Rey Limited under the implementation of the One District One Factory (1D1F) programme in accordance with Article 174(2) of the Constitution, the Public Financial Management Act, 2016 (Act 921) and the Standing Orders of Parliament.

Respectfully submitted.



**HON. MARK ASSIBEY-YEBOAH (DR)**  
**CHAIRMAN, FINANCE COMMITTEE**

March, 2020



**EVELYN BREFO-BOATENG**  
**CLERK TO THE COMMITTEE**

**PARLIAMENT OF GHANA LIBRARY**

## **5.0 OBSERVATIONS**

### **5.1 Rationale for the Waiver**

The Committee was informed that the Company intends to expand and diversify its operations by investing in a new project which involves the processing of pineapples and ginger into juices as well as sachet and bottled water using inputs sourced from mainly local farmers.

The objectives of the Company under the project are to:

- Cultivate 200 acres of pineapples, watermelons and passion fruits for the factory in order to contribute to ensuring all year round supply of raw materials;
- Support local farmers to supply fruits to the factory;
- Export about 10% of the factory's produce in the medium term
- Contribute to addressing and reducing post-harvest losses in the Central Region by 2% in 5years time; and
- Create direct and indirect employment.

The Committee was informed that in order to undertake the project, the Company is investing an amount of GH¢8.2 Million. Out of this amount, a total amount of GH¢6.75 Million is from the Ghana EXIM Bank while the balance would be provided by the shareholders. In order to successfully execute the project and expand its operations, the Company has applied for a tax waiver under the 1D1F initiative in order to clear its materials and equipment.

The Ministry assured the Committee that it has carefully scrutinized the books of the company and was of the view that the tax waiver would go a long way to assist the company to achieve its target.

### **5.2 Project Returns**

The Committee was informed that the projected Internal Rate of Return (IRR), and Profitability Index indicated that the investment was profitable as follows:

**TAX ASSESSMENT**  
**MINISTRY OF TRADE & INDUSTRY/IDIF/PETERSFIELD AND REY GROUP LTD**

DESCRIPTION	QTY (tons)	CIF (USD)	I/D Rate	Imp. Duty	Nhil/ Gfund 5%	Imp. VAT 12.5%	EXIM Levy 0.75%	TOTAL (USD)
Generator-Olympian 500 KVA	1	40,000.00	5%	2,000.00	-	-	300.00	2,300.00
Agricultural Tractor	1	12,000.00	5%	600.00	-	-	90.00	690.00
Tricycle	5	9,100.00	5%	455.00	-	-	68.25	523.25
Carbonated Softs Drinks Filler	1	150,000.00	5%	7,500.00	-	-	1,125.00	8,625.00
Carbonated Softs Drinks Mixer	1	35,000.00	5%	1,750.00	-	-	262.50	2,012.50
Carbon Dioxide Generator	1	40,000.00	5%	2,000.00	-	-	300.00	2,300.00
Product Print Coder	1	10,000.00	5%	500.00	-	-	75.00	575.00
Multi Fruit Juice Extractor	1	40,000.00	5%	2,000.00	-	-	300.00	2,300.00
Dacrator	1	10,000.00	5%	500.00	-	-	75.00	575.00
Digital/Analogue Flow Meters	1	5,000.00	5%	250.00	-	-	37.50	287.50
Citrus Extraction Line	1	1,500,000.00	5%	75,000.00	-	-	11,250.00	86,250.00
Steam Boiler	1	45,000.00	5%	2,250.00	-	-	337.50	2,587.50
Auto Rotary Labeling Machine	1	50,000.00	5%	2,500.00	-	-	375.00	2,875.00
Tamper Seal Applicator	1	20,000.00	5%	1,000.00	-	-	150.00	1,150.00
Tax Stamp Applicator	1	10,000.00	5%	500.00	-	-	75.00	575.00
Stainless Steel Tanks	10	150,000.00	20%	30,000.00	9,000.00	23,625.00	1,125.00	63,750.00
Automatic PET Bottle Blowing Machine	1	100,000.00	5%	5,000.00	-	-	750.00	5,750.00
Automatic PET Preform Moulding Machine	1	50,000.00	5%	2,500.00	-	-	375.00	2,875.00
Cap Moulding Machine	1	50,000.00	5%	2,500.00	-	-	375.00	2,875.00
Plastic Film Extrusion Machine	1	40,000.00	5%	2,000.00	-	-	300.00	2,300.00
Fruit Juice Evaporators	1	50,000.00	5%	2,500.00	-	-	375.00	2,875.00
Aseptic Filling Machine	1	25,000.00	5%	1,250.00	-	-	187.50	1,437.50
Retort Sterilizers	1	50,000.00	5%	2,500.00	-	-	375.00	2,875.00
Palletizer Machine	1	50,000.00	5%	2,500.00	-	-	375.00	2,875.00
Analog Table Top Torque Tester	1	1,107.00	5%	55.35	58.12	152.56	8.30	274.33
Digital Vernier Caliper	2	221.40	10%	22.14	12.18	31.96	1.66	67.94
Micro Meter	2	250.92	5%	12.55	13.17	34.58	1.88	62.18
Digital Colony Counter	1	664.20	5%	33.21	34.87	91.54	4.98	164.60
Portable Photometer	1	500.00	5%	25.00	26.25	68.91	3.75	123.91
Analytical Balance	2	2,878.00	5%	143.90	151.10	396.62	21.59	713.20
Filtration Unit Set	1	1,000.00	5%	50.00	52.50	137.81	7.50	247.81
Portable Digital Thermometer	2	239.85	5%	11.99	12.59	33.05	1.80	59.44
Portable Turbidity Meter	1	590.41	5%	29.52	31.00	81.37	4.43	146.31
Digital Water Bath	2	1,805.38	20%	361.08	108.32	284.35	13.54	767.29
Hygienia Testing Unit	1	1,845.00	20%	369.00	110.70	290.59	13.84	784.13
Screw type air compressor	1	100,000.00	20%	20,000.00	6,000.00	15,750.00	750.00	42,500.00